

## Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

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C O N F I D E N T I A L STATE 200459

STADIS////////////////////////////////////

E.O. 11652:GDS

TAGS:ETRD, JA

SUBJECT:TEXTILES: BILATERAL CONSULTATIONS

REF: TOKYO 11541

GENEVA FOR PHELAN

1. DEPARTMENT INFORMED BY GOJ EMBASSY AUGUST 19 THAT GOJ WISHED TO HOLD SECOND SESSION BILATERAL CONSULTATIONS WEEK OF SEPTEMBER 22 IN TOKYO. USG ACCEPTS TIMING AND VENUE.

2. PURPOSE, HOWEVER, OF USG PROPOSED SEPTEMBER 9 AND 10 TALKS IN ANCHORAGE OR HONOLULU WAS NOT AND IS NOT TO REPLACE SEPTEMBER 22 TALKS. PURPOSE OF SEPTEMBER 9 AND 10 TALKS IS TO AFFORD BOTH SIDES AN OPPORTUNITY TO INFORMALLY EXPLORE OPTIONS, POSSIBLE POSITIONS, MATTERS OF MUTUAL INTEREST, PROBLEMS, ETC., WHICH ARE LIKELY TO COME UP IN MORE FORMAL SESSION WEEK OF SEPTEMBER 22. IN ANY EVENT, USG WOULD NOT REPEAT NOT BE PREPARED TO REACH CONFIDENTIAL

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ANY AGREEMENT ON YARN QUESTION AT SEPTEMBER 9 AND 10 MEETING, AS WE STRONGLY FEEL THERE IS MUCH TO BE GONE OVER BEFORE THE SEPTEMBER 22 MEETING. THE USG WILL BE PREPARED TO DISCUSS SERIOUSLY AND IN DEPTH THE YARN QUESTION DURING SEPTEMBER 22 MEETINGS. AT THE SAME TIME, THE USG EXPECTS

(AS PROMISED BY KURODA) THAT THE GOJ WILL SERIOUSLY BEGIN DISCUSSING SOME OF THE CONCERNS WHICH USG FACES ON OTHER ISSUES.

3. AS GOJ KNOWS, THERE ARE SEVERAL NEW PLAYERS ON THE U.S. TEAM (I.E., SMITH AND POLANSKY), AND AS WE LEARNED JUST THIS WEEK, THE GOJ HAS REPLACED GOTO WITH HANAOKA WHO IS UNKNOWN TO ALL HANDS WITHIN USG TEXTILE TEAM. WE THINK IN VIEW OF THIS AND IN VIEW OF THE FACT THAT THE SEPTEMBER 22 TALKS ARE LIKELY TO COVER VERY DELICATE ISSUES, IT BEHOOVES BOTH SIDES TO GET TO KNOW EACH OTHER A LITTLE BETTER BEFORE FORMAL SESSION RATHER THAN HAVING BOTH SIDES SIT ACROSS THE TABLE IN SEPTEMBER 22 SESSION TRYING TO FEEL EACH OTHER OUT AND THEREBY PERHAPS CLOUDING THE CHANCES FOR RESOLVING SOME OF THE ISSUES DURING THAT WEEK AND SUBSEQUENTLY.

4. HENCE, WE URGE THAT THE GOJ CONSIDER OUR PROPOSAL FOR INFORMAL TALKS ON SEPTEMBER 9 AND 10 FOR WHAT IT IS-- A CHANCE TO GO OVER SOME OF THE PROBLEMS WE WILL FACE LATER THAT MONTH IN A RELAXED AND PRESSURE-FREE ATMOSPHERE AND, QUITE FRANKLY, TO ESTABLISH A SENSE OF RAPPORT BETWEEN THE TWO SIDES SO THAT THE WEEK OF SEPTEMBER 22 IS NOT PARTIALLY WASTED IN DOING THE SAME THING.

5. FYI WHEN KURODA WAS HERE IN JULY, HE ASSURED US THAT THE YARN QUESTION WAS NOT QUOTE AN ECONOMIC ISSUE UNQUOTE BETWEEN THE TWO COUNTRIES, I.E., HE CLAIMED JAPANESE SYNTHETIC YARN INDUSTRY WOULD IN FUTURE BE LESS INTERESTED IN US MARKET THAN HERETOFORE AND THAT JAPANESE YARN EXPORTS WOULD THUS DECLINE. WE AGREE THAT AT PRESENT YARN ISSUE IS NOT ECONOMIC ONE. HOWEVER, WE WERE DISMAYED TO HEAR CLAIM AUGUST 21 BY WELL-INFORMED SOURCE CLOSE TO JAPANESE CHEMICAL FIBER INDUSTRY (WHICH IS THE CONFIDENTIAL

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INDUSTRY PUSHING FOR THE DECONTROL OF THESE YARNS) THAT GOJ DELEGATION DIDN'T KNOW WHAT IT WAS TALKING ABOUT, THAT AS FAR AS THE JAPAN SYNTHETIC YARN INDUSTRY WAS CONCERNED THE ENTIRE ISSUE WAS AN ECONOMIC ONE FOR THE SIMPLE REASON THAT WHEN AND IF THE USG DECONTROLS THE YARNS IN QUESTION, THE JAPANESE CHEMICAL FIBER INDUSTRY INTENDS TO SUBSTANTIALLY RPT SUBSTANTIALLY INCREASE ITS EXPORTS TO THE USG. THIS SORT OF CONTRADICTION BETWEEN WHAT THE GOJ HAS TOLD US OFFICIALLY AND WHAT WE HAVE LEARNED FROM VERY GOOD SOURCES GREATLY ENHANCES FOR USG DESIRABILITY OF INFORMAL MEETING BEFORE THE SEPTEMBER 22 SESSION.

6. FYI GOJ SEEMS TO ASSUME SYNTHETIC YARN ISSUE CAN

BE RESOLVED BY END OF SEPTEMBER 22 WEEK SESSIONS. WE  
MAKE NO SUCH ASSUMPTION, NOR DID WE EVEN INTIMATE TO  
GOJ THAT THIS WOULD BE POSSIBLE. TO CONTRARY, WE  
BELIEVE YARN DECONTROL ISSUE IS SO SENSITIVE WITHIN US

DOMESTIC INDUSTRY THAT A THIRD SESSION IN NOVEMBER MAY  
BE NECESSARY. MUCH DEPENDS ON GOJ WILLINGNESS TO MEET  
US HALFWAY ON ISSUES OF CONCERN TO USG, BUT GOJ SHOULD  
BE DISCREETLY CAUTIONED AGAINST AUTOMATICALLY ASSUMING  
YARN ISSUE WILL BE RESOLVED BY SEPTEMBER 28. THIS  
WOULD BE ESPECIALLY SO IF RE PARA 5 ABOVE IT TURNS OUT  
THAT JAPAN CHEMICAL FIBER INDUSTRY INDEED HAS PLANS  
TO SIGNIFICANTLY INCREASE ITS EXPORTS TO US IN CONTRAST  
TO WHAT GOJ DEL HAS SAID. END FYI.

7. REGARDING THE SEPTEMBER 22 SESSION, WE PROPOSE THAT  
THE ACTUAL TALKS BEGIN TUESDAY MORNING SEPTEMBER 23,  
INASMUCH AS SOME OF US INDUSTRY ADVISORS CANNOT ARRIVE  
IN TOKYO BEFOREHAND. ACCORDINGLY, EMBASSY IS REQUESTED  
TO RESERVE FIVE SINGLES AT OKURA FROM SEPTEMBER 22  
THROUGH SEPTEMBER 28 FOR US DELEGATION. NAMES AND  
FLIGHT INFO USDEL WILL BE PROVIDED SEPTTEL.

8. PLEASE ADVISE SOONEST IN STADIS SERIES RESPONSE  
GOJ TO PROPOSED SEPTEMBER 9 AND 10 MEETING IN VIEW OF  
PARAS 1-4 ABOVE. ROBINSON

CONFIDENTIAL

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